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C O N F I D E N T I A L SECTION 01 OF 02 RANGOON 000363

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STATE FOR EAP/MLS; PACOM FOR FPA; TREASURY FOR OASIA:AJEWELL

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TAGS: [ECON](#) [PGOV](#) [SENV](#) [EAGR](#) [BM](#)

SUBJECT: SOMETIMES YOU FEEL LIKE A NUT

Classified By: Econoff TLManlowe for Reason 1.4 (b,d).

1. (SBU) Summary: Senior regime leaders, in their latest self-sufficiency scheme, have ordered Burmese around the country to plant seven million acres of physic nut in a misguided effort to reduce Burma's reliance on imported diesel fuel. This high profile campaign does not have any support from businesspeople or farmers, who prefer to plant crops they can eat or sell in the markets. This serves as one more example of how the ruling generals damage Burma's already declining economy by pursuing ill-informed policies. End summary.

2. (U) Since early January, Burma's senior leadership has exhorted the Burmese public to plant 500,000 acres of physic nut (*Jatropha curcas*), a species similar to the castor oil plant, in every state and division of the country to reach a total of seven million acres nationwide. The government-run newspaper, New Light of Myanmar, features a front-page article and photo almost every day of senior officials overseeing the planting of more seedlings, and multiple articles extolling the many uses of physic nut. The articles point out that oil pressed from the nut can be used for fertilizer, lubricant, and medicine, and the branches can be burned for firewood. The primary use, however, is as a bio-diesel substitute for imported fuel used in various machines and farm equipment.

3. (SBU) Embassy staff have seen dozens of soldiers, policemen and other government officials planting acres of physic nuts around the country, but very few private citizens or companies seem interested. The regime's high profile pressure to plant, however, has spread to schools and others easily ordered to join GOB projects. Officials choose planting sites indiscriminately to fulfill the regime mandate, clearing forested areas and replacing more profitable and sustainable crops in government-controlled fields.

4. (SBU) The Burmese people are bewildered by the regime's new campaign, which our contacts call "complete nonsense." A local proverb about the physic nut, called "Che Su Pin" in Burmese, says it is considered a "king plant, but only when surrounded by useless plants." Some farmers tell us they have responded to GOB instructions by planting it along the periphery of their most productive land. A UN contact reported that, when planted, it tends to crowd out other plants, so this could portend significant damage to agricultural areas.

5. (SBU) What the GOB propaganda campaign has failed to mention is that the oil must be extensively processed with specialized equipment and/or mixed with 80% diesel fuel to be utilized in unmodified engines. Our contacts estimate that the cost of producing bio-fuel from this nut is double the cost of imported diesel fuel. The GOB also doesn't address the fact that the plant grows best in dry climates, not the moist tropical zones found in much of Burma.

6. (C) Comment: The GOB has a long history of directed planting campaigns in pursuit of "total self sufficiency," without taking economics, capacity, or climate into consideration. Mass plantings in the past of black pepper, rubber and edible oil trees met with dismal results. Senior General Than Shwe is intent on reducing Burma's dependence on oil imports, and has seized on physic nut bio-fuel as the answer. However, we doubt he has solicited or listened to any informed advice on the matter. Even without any economic foundation, proper agricultural planning, or information-sharing on challenges of its use, the physic nut appeals to regime leaders who like the idea of Burma "going it alone." It reveals the continuing propensity of uninformed generals following bad policy choices with more bad decisions. In the meantime, the once rich agricultural output of the country continues to decline. End comment.

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